Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 07905 01 OF 02 122351Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 DODE-00
PM-04 H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 /099 W
----------130024Z 079615 /13
R 121731Z MAY 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3831
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION NATO
USMISSION OECD PARIS
USNMR SHAPE
USMISSION GENEVA
AMCONSUL BELFAST
AMCONSUL EDINBURGH

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 07905

PASS LABOR, TREASURY, FRB

E.O. 11652: N/A
TAGS: ELAB, UK, PINT
SUBJECT: WARNING OF AN ELECTION IF THERE IS NO AGREE-
MENT WITH THE UNIONS

REF: LONDON 7429
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 07905 01 OF 02 122351Z

BEGIN SUMMARY. DURING THE COURSE OF A LUNCHEON MEETING WITH LABOR CORRESPONDENTS YESTERDAY (MAY 11), THE CHANCELLOR OF THE EXCHEQUER REPORTEDLY INDICATED TO THEM THAT THE GOVERNMENT WOULD HAVE NO OPTION THAN TO CALL AN ELECTION IF IT FAILED TO SECURE A THIRD ROUND WAGE RESTRAINT AGREEMENT WITH THE TRADE UNIONS. A LEADING

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

TRADE UNIONIST, HOWEVER, ASCRIBED HEALEY'S STATEMENT AS SIMPLY "BRINGING PRESSURE ON THE UNIONS". THE GOVERNMENT'S CONCERN IS OF COURSE UNDERSTANDABLE, AND YESTERDAY THE AMALGAMATED UNION OF ENGINEERS, BRITAIN'S SECOND LARGEST UNION, CONFIRMED ITS CURRENT OPPOSITION TO A THIRD ROUND. END SUMMARY.

1. HEALEY SPOKE AS AN INVITED GUEST TO AN ASSOCIATION OF LABOR CORRESPONDENTS, AND BLAKE BAKER, THE DAILY TELEGRAPH'S INDUSTRIAL CORRESPONDENT, REPORTED TODAY, MAY 12, HEALEY'S CONCERN THAT THE GOVERNMENT WOULD HAVE LITTLE CHOICE BUT TO CALL AN ELECTION IF THERE WERE NO WAGE AGREEMENT AFTER JULY 31. IN ANY CASE, THE GOVERNMENT APPEARS TO BE RESIGNED TO WAITING UNTIL AFTER THE TRADE UNION CONFERENCE SEASON IS OVER -- CERTAINLY AFTER THE JULY 4-8 MEETING OF THE TRANSPORT AND GENERAL WORKERS UNION--FOR AN INDICATION AS TO THE LIKELIHOOD OF A THIRD ROUND. IN FACT, ON ANOTHER OC- CASION, THE SECRETARY OF STATE FOR EMPLOYMENT,ALBERT BOOTH, INTIMATED THAT THE GOVERNMENT MIGHT HAVE TO HACK IT WITHOUT AN AGREEMENT FOR THE PERIOD BETWEEN JULY 31 AND THE TUC CONFERENCE SEPTEMBER 5-9 WHEN A THIRD ROUND, IF ANY IS AGREED, IS TO BE RATIFIED. THIS WOULD MEAN A HIATUS, BUT IT COULD BE OVERCOME IF AN AGREEMENT APPEARED LIKELY TO BE RATIFIED AT THE TUC CONGRESS.

2. THE GOVERNMENT'S DECISION TO "GO PUBLIC" ON THE POSSIBILITY OF AN EARLY ELECTION IF IT DOES NOT GET A THIRD ROUND REFLECTS ITS GROWING CONCERN ABOUT NEGO-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 07905 01 OF 02 122351Z

TIATING AN AGREEMENT WITH THE UNIONS. THE ENGINEERS UNION AT ITS CONFERENCE YESTERDAY (MAY 11) RATIFIED LAST WEEK'S RESOLUTION OF ITS ENGINEERING SECTION (REF- TEL) WHICH ENDORSED A RETURN TO FREE COLLECTIVE BAR- GAINING. THIS DECISION, HOWEVER, IS NOT FIXED IN CONCRETE, IF THE TUC/GOVERNMENT NEGOTIATORS DO COME UP

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 DODE-00
PM-04 H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 /099 W
----------130023Z 079698 /13
R 121731Z MAY 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3832
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION NATO
USMISSION OECD PARIS
USNMR SHAPE
USMISSION GENEVA
AMCONSUL BELFAST
AMCONSUL EDINBURGH

LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 07905

WITH A DRAFT ACCORD ON A THIRD ROUND. THE NATURE OF
A POSSIBLE AGREEMENT REMAINS VAGUE, ALTHOUGH NUMBERS
AND FORMS OF SUCH AN AGREEMENT ARE LOOSELY BANDIED
ABOUT IN THE PRESS.

3. GEOFFREY DRAIN, THE GENERAL SECRETARY OF THE NA-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

TIONAL AND LOCAL GOVERNMENT OFFICERS ASSOCIATION (AND
A LIKELY SUCCESSOR TO THE LATE LORD MCGARVEY AS A
MEMBER OF THE POWERFUL TUC CONTINGENT TO THE NATIONAL
ECONOMIC DEVELOPMENT COUNCIL),SAID TO US PRIVATELY THAT
HEALEY'S WARNING TO THE UNIONS THAT BIG, BAD MARGARET
THATCHER MIGHT GET 'EM IF THEY DON'T WATCH OUT IS
SIMPLY A FORM OF PUTTING PRESSURE ON THE UNIONS TO COME
TO AN AGREEMENT WITH THE GOVERNMENT ON PAY. HE SAID:
"HEALEY KNOWS DAMN WELL THAT IF THEY GO NOW TO THE
COUNTRY, THEY MIGHT BE OUT OF POWER FOR TWENTY YEARS."

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

HOWEVER, THE PRESS HAS SUGGESTED CALLAGHAN MIGHT PREFER TO CALL AN ELECTION AND LET THE TORIES COPE WITH AN UNRESTRAINED SURGE IN WAGES.

4. THUS, THE DEBATE AND SPECULATION CONTINUE TO RAGE, BUT WE BELIEVE -- AT THIS POINT -- THAT DRAIN IS RIGHT. MANY OBSERVERS FEEL THAT IN ORDER FOR THE GOVERNMENT TO GET AN AGREEMENT RATIFIED -- EVEN IF IT IS PAPER-THIN -- IT WILL HAVE TO TAKE SOME REMEDIAL ACTION IN OTHER AREAS THAN IN PAY. ONE OF THE REPORTERS AT THE HEALEY LUNCHEON WITH CORRESPONDENTS TOLD US HEALEY IS THINKING OF SOME REFLATIONARY ACTIVITY THIS SUMMER -- AMONG OTHER ACTIONS -- IN ORDER TO ENSURE SUCH AN AGREEMENT (THIS IS SOMETHING HEALEY HAS HINTED AT PREVIOUSLY IN PUBLIC).

SPIERS

LIMITED OFFICIAL USE

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WAGES, LABOR UNIONS, LABOR DISPUTES, SPECIAL ELECTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON07905
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770168-0398
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770566/aaaaceno.tel
Line Count: 187
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 06d9b695-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 LONDON 7429
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2550536
Secure: OPEN
Status: NATIVE
Subject: WARNING OF AN ELECTION IF THERE IS NO AGREE- MENT WITH THE UNIONS
TAGS: ELAB, PINT, UK
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/06d9b695-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009